



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Public Service Commission

211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460

Mark David Goss
Chairman

Teresa Hill
Vice Chairman

Gregory Coker
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
(502) 564-3940 x208
(502) 330-5981 (cell)

PSC PIPELINE SAFETY PROGRAM GETS PERFECT SCORE *Federal review finds state has strong enforcement of safety rules*

FRANKFORT, Ky. (June 23, 2006) – A federal review of the Kentucky Public Service Commission's (PSC) pipeline safety program found that the program met or exceeded all requirements in enforcing safety rules for natural gas systems and hazardous liquid pipelines.

"This federal review just confirms what the commission already knows," said Vice Chairman Teresa Hill. "As a member of the Gas Committee of the National Association of Regulatory Utility Commissioners (NARUC), I am well aware of the high regard in which Kentucky's program is held nationally.

"Our staff is second to none in its expertise and is committed to doing everything it can to protect the safety of Kentucky residents," she said.

Under federal law, states that qualify can assume responsibility for enforcing federal safety standards for natural gas distribution systems and intrastate natural gas and hazardous liquid pipelines. The enforcement duties include inspecting systems and pipelines and investigating accidents. The PSC can impose fines for violations.

Kentucky has had a pipeline safety program since 1968. The PSC annually receives about \$250,000 in federal grant money to operate the state program. The PSC oversees 236 natural gas systems and pipeline companies.

Interstate pipelines remain the responsibility of the federal Pipeline and Hazardous Materials Safety Administration. However, PSC inspectors often provide the initial response to incidents on interstate pipelines in Kentucky until federal officials can reach the scene.

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Federal officials review state programs annually. The review of Kentucky's program was conducted in October 2005 and covered activities during 2004.

The review judged the Kentucky program on nearly 120 criteria such as enforcement of regulations and record-keeping requirements for gas and pipeline companies, inspection frequency, rigor of inspections, accident prevention programs and training of PSC staff.

The PSC program received a perfect score in every area.

"I would have expected nothing less," Vice Chairman Hill said. "My fellow commissioners and I are extremely proud of the people who administer our pipeline safety program, as we are of every member of the PSC staff."

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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